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THE SOCIALIST PARTY OF GREAT BRITAIN

OBJECT

The establishment of a system of society based upon the common ownership and democratic control of the means and instruments for producing and distributing wealth by and in the interest of the whole community.

DECLARATION OF PRINCIPLES

THE SOCIALIST PARTY OF GREAT BRITAIN HOLDS:

1. That society as at present constituted is based upon the ownership of the means of living (i.e., land, factories, railways, etc.) by the capitalist or master class, and the consequent enslavement of the working class, by whose labour alone wealth is produced.
2. That in society, therefore, there is an antagonism of interests, manifesting itself as a class struggle, between those who possess but do not produce, and those who produce but do not possess.
3. That this antagonism can be abolished only by the emancipation of the working class from the domination of the master class, by the conversion into the common property of society of the means of production and distribution, and their democratic control by the whole people.
4. That as in the order of social evolution the working class is the last class to achieve its freedom, the emancipation of the working class will involve the emancipation of all mankind without distinction of race or sex.
5. That this emancipation must be the work of the working class itself.
6. That as the machinery of government, including the armed forces of the nation, exists only to conserve the monopoly by the capitalist class of the wealth taken from the workers, the working class must organise consciously and politically for the conquest of the powers of government, national and local, in order that this machinery, including these forces, may be converted from an instrument of oppression into the agent of emancipation and the overthrow of privilege, aristocratic and plutocratic.
7. That as all political parties are but the expression of class interests, and as the interest of the working class is diametrically opposed to the interests of all sections of the master class, the party seeking working class emancipation must be hostile to every other party.
8. The Socialist Party of Great Britain, therefore, enters the field of political action determined to wage war against all other political parties, whether alleged labour or avowedly capitalist, and calls upon the members of the working class of this country to muster under its banner to the end that a speedy termination may be wrought to the system which deprives them of the fruits of their labour, and that poverty may give place to comfort, privilege to equality, and slavery to freedom.

ALL ENQUIRIES AND APPLICATIONS FOR MEMBERSHIP TO...

The Socialist Party of Great Britain,

71 Ashbourne Court, Woodside Park Road, London N12 8SB

HOW WE LIVE TODAY

Capitalism is a social system of exploitation, inequality and discomfort. It could be nothing else. And all the rhetoric by politicians about "*a classless society*", "*partnership*" and "*one nation citizenship*" cannot alter the fact that for millions of people capitalism is unpleasant, hard and often short. We are told of a comfortable two-thirds of the population enjoying the advertising fantasy world of mindless consumption. It is a myth exploded by the dull, shoddy and mediocre reality in which the working class has to exist.

For most of the working class who live in housing accommodation that is either rented or mortgaged, it rarely meets with their needs. There is the cost of repairs, particularly for the elderly, the often poor environments where houses are situated, the cramped conditions which pay no attention to growing families, the meanness of the rooms and the architectural poverty of the design. Whether it be a council house, a housing association flat, a privately rented house, or a detached house, they are all indelibly stamped with a mark "*working class housing*".

The houses lived in by the capitalist class could not be more different. Each week they are paraded for sale in magazines like **Country Life**. They are large, expensive, well built, in the best locations and usually situated in enough acres to ensure the exclusive privacy their owners demand from their privileged class position.

The same inequality applies to income. The five top richest British capitalists in terms of personal wealth are Paul Raymond, David Sainsbury, Lord Rothermere, Sir Evelyn Rothschild and the Duke of Westminster (**Business Age** 500 1998). Their personal wealth ranges from £1,650 million for Paul Raymond to £900 million for the Duke of Westminster. This extreme concentration of wealth, wealth exploited from the working class, should be compared with the statistic that one in every ten adults working full time in

1994 were earning less than the Council of Europe's "*decency threshold*" of £221.50 gross per week (Low Pay Unit 1995).

These figures are not meant to argue for the need for greater distribution of social wealth within capitalism. You cannot have Socialist distribution existing simultaneously with production monopolised for the purpose of profit. Freedom, democracy and equality are only possible with the abolition of capitalism and its replacement with the common ownership and democratic control of the means of production and distribution of social wealth by all of society. That is, with the establishment of Socialism.

It is the class relationship between employers and workers which is a constant feature of capitalism. The working class are imprisoned within the wages system and are forced to work for a wage or salary. What they can afford is limited by what they earn. Workers might need spacious housing due to the needs of the family but they can only afford what their income allows. It is a fundamental fact of capitalist life and colours the whole existence of the working class, so that, by comparison, the promises of the Blairs and the Hagues are so much empty trivia. Not that Blair and Hague will tell you that, of course. All their attention will be given to attempting to run British capitalism in the interests of the capitalist class.

If you think that is a bit far fetched, take a look at some of the issues. Have the politicians made promises about solving the social problem of unemployment? Yes, we thought they had. The same promises they made last time and the time before that. But, if Labour are going to solve the question of unemployment perhaps they would like to explain why it is that they have always left government with unemployment higher than when they first came into power. Labour, like all the capitalist political parties, cannot solve the problem of unemployment.

Pick up any newspaper and the chances are that job losses are announced. The merger of Deutsche Bank and Bankers Trust will result in 5,500 redundancies world-wide with as many as 3,000 going in London. Pilkington is to shed 2,500 Jobs - making it some 10,000 in two years. 2,000 jobs are to go at Lockheed in the US. All reported by **The Times** on the same day (4 June 1999). And these unemployment figures are from two countries economists claim have escaped the depression which has hit other countries, like Germany, with its 4.4 million unemployed.

The question of health and education have threatened to become the two major issues of the Blair government. Doctors and other medical staff work themselves to death in the NHS environment of overwork, poor pay and oppressive management always looking for a way to save money. The NHS does not exist to give the best medical care to workers. The best medical care goes to the capitalist class. The NHS exists to patch up the working class to be fit for the labour market and employment. The NHS is run on utilitarian lines by accountants who try, at every twist and turn, to reduce the burden the capitalist class have of paying for it. Rationing, long waiting lists, and over-stretched resources are what the working class get.

Blair and Blunkett want a well-trained, obedient and pliant workforce. So do the employers. However, you will not find school inspectors going into Harrow and Eton and serving notices of closure. At the public schools children of the rich get an education befitting their future life of idleness and luxury. Working class parents are told that they have a "choice" but there are only two choices for their children under capitalism: a job or unemployment. Schools are there for training workers and not for the benefit of the children, parents or teachers. It does not matter a jot whether a child of working class parents stacks up a bundle of higher degrees if there is no job once they leave University. Working class schools exist to teach children to be competent for a life of wage slavery at the cheapest cost possible. Those leaving schools like Harrow and Eton will have a choice: the choice vast social wealth brings with it.

And does the capitalist class have to worry about the struggle to scrape together an existence on wages or salaries? Of course not, but workers do, and it is because workers don't look into the background of the social problems they face that politicians can readily buy them off with promises, promises and yet more promises.

Oscar Wilde once remarked that "*we are all in the gutter but some of us are looking at the stars*". There is some truth in what Wilde said when applied to Socialists. Socialism will be a social system in which production takes place simply and directly to meet human needs. It is a practical and reasonable proposition. We are not idealists but practical men and women who see the human potential wasted in the employer's pursuit of profit. We can live better. There is an immediate need for Socialism. Socialists are looking beyond the wage packet and life as members of the working class. We do not want to live like capitalists. We do not want to ape their often perverted and decadent life styles. We do not subscribe to the politics of envy. The world of the capitalist is not worthy of much thought.

That said, we can live better than we do. We could create a better world. That is why we are Socialists. We do not want to live in servile inequality. We want to have control over our lives. We want to be creative and live in comfort. We want to decide what is produced and how. Yes, we are realists. We have our feet on the ground. That is why we say that you cannot have Socialism without first having a Socialist majority sending Socialist delegates to Parliament gaining control of the machinery of government. Until then workers will have to put up with a life befitting an exploited class.

EMPLOYMENT IS DEGRADING

To enter the labour market and become employed is degrading and humiliating. Not only are workers exploited but they have to endure the bullying, pressure, stress, ill-health and degradation which goes with employment.

Where we work is often alienating and dangerous. The management structure functions as an economic policeman to ensure orders are obeyed and workers efficiently exploited.

To rebel, to question or to have independent thought which goes against the corporate policy of the company is not tolerated. Conformity and obedience are the guiding rules of employment. You do as you are told or you're out. When the boss tells you to jump the question is "how high"?

Management Gurus: the New Sophists

The 1980's saw the heady rise of management consultants who would be commissioned by companies at vast expense to indoctrinate workers on "*time and stress management*", "*the mission statement*" and for workers to work together with management as a happy and compliant team focused on the objectives of the organisation.

Each management consultant slavishly reproduced the beliefs and ideas from a management guru teaching at some university Business School, usually Harvard, and whose teachings would be reverently referred to in hushed awe as "*course facilitator*". They were rightly derided as the new sophists, named after paid teachers of rhetoric in ancient Greece, who, for a fee, sold to the ruling class the ability to argue with deception and shallowness.

On these courses the "*culture*" of the company was all important. Workers, management and shareholders were to have the same goals. Little was said about profit. Workers were told that they were not motivated by their pay packets and that motivation had to be harnessed. A whole litany of jargon seeped out "*focus groups*", "*task forces*", "*restructuring*", "*down-sizing*", "*flexible working*", "*the minimalist work place*" and "*customer care*". There could be no criticism. Workers attending the courses had to agree with everything they were told, they had to draw-up crass diagrams and bullet points

in "workshops" and they looked eagerly at the clock to find out when they could finally fill-in their "appraisals" and leave.

Workers had little choice but to attend these dreadful management courses. And with unpleasant consequences for some. Seven trainee sales staff recently suffered burns when they were induced to walk on hot coals during a "motivational" training course run by the insurance group Eagle Star. Two of the trainees had to be taken to a specialist burns unit. They lost their claim for compensation.

Management Control and the Class Struggle

Companies spend £550 million a year on management consultants. Corporate businesses like Kodak and Lever send graduates out on outward bound courses.

...dragooning staff onto activity courses which occupational psychologists claim build team spirit and foster a more harmonious working environment (Times, 17 July 1998).

Management theory, and the consultants who are brought in to preach the ideological tosh, is paid in the belief that it will give employers a greater ability to impose their will on the workforce. It is a class tool. Employers want pliant and obedient employees. They do not want conflict, dissent and resistance.

What of the workers forced to attend these courses? One worker said:

I was taken in by all the psycho guff but it is only a few who love all that stuff, so why force everyone? Firms say it is voluntary, but you have to be pretty brave to say no (Times, 15 July 1999).

The worker who reported this fear was nearly drowned in one of the activity courses she was forced to attend.

And it is quite frightening to look at the management consultancies themselves. They have sinister names like The Institute of Human Potential and Catalyst Events Management. And the jargon they use is worse than any found in a book of sociology or cultural studies. The current trend in management theory is for Neuro Linguistic Programming - a ten day course full of New Age psycho-babble, an insidious import from the US.

Management consultants have many parallels with the agit prop groups sent into the factories or fields in Lenin's Russia in the early 1920's. To force workers to walk over coals has an air of feudal barbarism about it. Most workers attending these courses just switch off. Already the heady days of management courses, like power dressing, has peaked. Workers soon became adept at the rubbish they had to listen to and worked out counter strategies. The best strategy was ridicule and contempt.

Unfortunately in a social system based upon private property ownership it is the employers who call the shots. It is their company. Workers are employed to create profits.

THE DEATH OF ECONOMICS

A few years ago a letter appeared in the **Evening Standard** pointing out that academic economists, with all their sophisticated computer programmes and mathematical modelling, have not been able to predict or do anything about periodic trade depressions and high levels of unemployment. As the writer wryly observed, if economists were to be held liable for negligent economic advice in a court of law by their employers in exactly the same way as victims of incompetent architects or doctors are held responsible for their unprofessional actions, then the consequences would be a deathly silence from the economic departments and city banking institutions of the world.

The theme of incompetent economists advising gullible politicians divorced from the real world runs through Paul Ormerod's book **The Death of Economics**. He has compared what economists have said to what has actually occurred in the economy. The gulf between what was said and what actually happened is wide, so wide that he sees no future for the subject as it is now taught and practised. It is to all intents and purposes dead.

Contemporary frustration with academic economics is not new. Over ten years ago Professor Ben Fine wrote:

Ironically as the demands placed upon economists have expanded in explaining, for example, persistent high levels of unemployment, so it has become more esoteric and removed from the realities of everyday life.

Marx's Capital, p101

The only certainty in academic economics is how fast one fashionable theory is replaced by another. As one economic policy tumbles to the ground so an "ist" becomes an "ism" to become a "wasm". Life goes on as though economists and their theories did not exist. Academic economics has as much explanatory power regarding capitalism as theology has likewise of the natural world.

From Economics to Astrology

The disrepute which economics is now held in can be seen with the recent Asian economic crisis which has affected countries like Thailand. As the Thai economy passed from an economic crisis into a depression, economists have been rapidly replaced with astrologers, numerologists and palm readers by capitalists in a desperate attempt at providing a more exact knowledge of what the future holds (**Times**, March 17th 1999).

The search for economic guidance in the irrational stems from the political and economic chaos in Thailand and the social problems this chaos has created -

high rate of theft, murder, riots, disorder and suicide. The failure of Bangkok's finance and property markets has forced thousands of formerly prosperous Thais out of work. Over 3 million workers are now unemployed.

What of the track record of the professional economists who have now been replaced by mystic charlatans? No economist predicted the economic crisis and subsequent depression or could give a plausible account of why it occurred and when it will end. A World Bank report in 1997 predicted that Asia's so-called "*Tiger economies*" would experience "*continued high growth in the coming year*". How wrong they were.

One astrologer claimed the Thai economy would improve by the year 1999. It hasn't. Yet it is a prediction no better or worse than those cast in either the economic departments of Harvard, Yale, the LSE, Cambridge and Oxford or the merchant banks in the City.

Desperate Politicians

So why do politicians persist in being advised by economists when they have been so consistently let down in the past? The answer is twofold. First, economists produce and disseminate useful ruling class propaganda justifying and defending capitalism particularly against Socialist ideas. Second, they provide a fool's comfort for politicians against the vagaries and uncertainties of capitalism as it anarchically lurches from one crisis to the next. Like astrologers, they promised politicians illusory knowledge and control over the future.

Keynes is a good example. He promised politicians full employment and government ability to manage the economy out of an economic crisis. It was a powerfully seductive concoction, but simultaneous rising inflation and unemployment left a dreadful hangover for the Labour government of the time. In 1978 James Callaghan, the then Prime Minister, finally dropped

Keynesianism for the equally fallacious Monetarism of Milton Friedman. The anti-Semitic Keynes who despised the working class, received a peerage and Milton Friedman, economic advisor to the fascist dictator, General Pinochet, was given the Nobel Prize for economics. It was equivalent to giving the Wimbledon Poisoner an honorary degree for his services to chemistry.

Planned commodity production, a contradiction in terms, fared no better. Harold Wilson's National Plan illustrates this failure only too clearly. In 1967 the Wilson government nationalised the steel industry with British Steel Corporation taking over a vast majority of the furnaces. BSC invested a large amount of capital in installing basic oxygen and electric arc processes in order to speed-up production. Yet the increases in production coincided with the decline in ship building and car manufacture upon which it was largely dependent, as a result of competition from abroad. Mass closure of steel plants and subsequent redundancies ensued. In 1978 production dropped to 20 million tonnes and in 1986 British capitalism was producing less steel per year than in the 1950's. Ironically, as steel production decreased, Wilson's expansion of the university system saw the number of academic economists multiply.

In the 1985 Reith Lectures, David Henderson complained bitterly about the prevalence among politicians of following what he called do-it-yourself economics. Over wide areas of policy judgements, he whinged, politicians like Margaret Thatcher were ignoring mainstream academic economists like himself. Small wonder when you consider the decades of ineffectual advice.

So what of Thatcher's do-it-yourself economics? It was little more than the rehash of economic dogmas held by 19th century Manchester Liberals like Cobden and Bright. In fact, Thatcher never saw herself as a Monetarist. Monetarism was only useful inasmuch as it challenged the Keynesian orthodoxy of the time. Instead, she had been seduced by free market fanatics who included among their number, Lord Joseph who claimed "*too many babies*

were being born to people at the bottom end of the social scale" and F A Hayek, who advocated denying the vote to the unemployed. They were all for what the economic historian, J A Schumpeter, called "creative destruction" where failure in the market was to be punished by bankruptcy and unemployment.

From their pulpits at the pompous Institute of Economic Affairs and the mis-named Adam Smith Institute, free market anarchists propounded, in evangelical fashion, the doctrine that if markets were liberalised and left alone there would be universal harmony and benefit for all. Everything was to be privatised, pavements, any common land, prisons. "*If it moved privatise it*" said Lord Monckton. It led Ben Elton to write his satire, **Oxygen**, in which even the air we breathed was to be privatised. One fanatic even wrote a book called **The Joy of Capitalism** where the front cover sported an empty bed and a newspaper opened at the day's prices on the stock exchange. In the 1980's, so it was claimed, making money was better than making love.

This obsession with the market, taken over lock-stock-and-barrel by Labour, whose own membership recruitment is to be put out to tender, has been commented on by the American historian Christopher Lassch in his book **The Revolt of the Elites**:

The market notoriously tends to universalise itself ... It puts an almost irresistible pressure on every activity to justify itself in the only terms it recognises; to become a business proposition, to pay its own way, to show black ink on the bottom line.

Having no grasp of capitalism's history and the law of motion of its development, Free Market zealots chanted out their mantra "*leave it all to market forces*". At Liverpool University, Professor Minford lectured to the Liverpool unemployed that they were a figment of his imagination. His economic theory showed that they could not exist. The trickle down effect of

social wealth from the rich to the poor, a variant on Adam Smith's *invisible hand*, became a popular Thatcher metaphor to justify the pursuit of self-interest. According to Lord Young, cut and thrust entrepreneurs were to replace pop stars as role models for the youth of the country. Unfortunately, so many of these "entrepreneurs" ended up in prison, including Ivan H Boesky whose advice to the young was "*Greed is all right. Greed is healthy. You can be greedy and feel good about yourself*" except, that is, locked-up in a cell.

Two depressions later with persistent high unemployment, social chaos, house repossessions, the Thatcher dream of an enterprise culture linked to a property owning-democracy lay in ruins. The number of houses repossessed in 1982 was 6,860 but in 1994 it had risen to 68,540. In 1982 the number of personal insolvencies was 5,700. In 1994 it was 36,800 (**Keeping Your Head Above Water**, St Albans Observer, 1995). Unemployment rose sharply from 1.09 million in May 1979 to 2.13 million in May 1981, and went on rising to 3.13 million in July 1986. It rose to 2.9 million in 1993. Between 1990 and 1997 some 6 million workers had been made unemployed. So much for creative destruction.

Capitalism, on which markets are precariously balanced, is unstable. There can never be harmony, only chaos. In competition there are a few winners and a lot of losers. Those who extol the virtues of the market and the profit motive forget that the theories they currently hold had previously failed when economic liberalism had no practical answer to the depression of the 1930's. And it was the failure of free market beliefs to provide politicians with a workable policy which then enabled Keynes to exploit the vacuum in ruling class ideas and to project himself, fallaciously as it turned out, as the saviour of capitalism.

More trivial and shallow than the theories of academic economists are the writings of the economic journalist, Will Hutton of **The Guardian**, economics professor, on the board of the LSE and one of the architects of the Third Way

is a good example. He wants to revive the ideas of Keynes and gives his support to the Labour Party. Recently, his thoughts on economics and economic policy were collected in a book: **The State We Are In**. He is all for capitalism but in a more reformed and gentler way. He wants capitalism without the effects of capitalism. The list of reforms he proposes is endless: markets should be regulated; there should be a written constitution; regional government; a stronger Europe; abolition of the House of Lords; no more tax-breaks or Ministry of Defence subsidies for Public Schools; seats for workers on the board of companies; regional investment banks, and so on.

Even if all these reforms were enacted, it would still not prevent periodic depressions and unemployment. It would not give stability and order. The US has a written constitution yet it has social squalor, violence and poverty. Germany has workers on some company boards but it still does not stop the workforce from being unemployed when it is not profitable to employ them. Germany's unemployment figure currently stands at 4.4 million.

Of course, Marx had dealt with all of this over a hundred years ago. He dismissed the charlatans who passed themselves off as serious economists as next to useless. Vulgar sycophants he called them: apologists who dealt with the trivial appearances of things.

The Relevance of Marx

What of Marx's supposed association with Russian State Capitalism? Surely this undermines Marx's own theories about capitalism? Not at all.

The association between Marx and what was once the Soviet Union is tenuous in the extreme. It was based upon a distortion of Marx's ideas by Lenin and his followers. There is no causal connection between what Marx wrote about Socialism and the political system which existed in Russia between 1917 and 1991. Just as no reasonable person holds Darwin responsible for Eugenicist

programmes and the German concentration camps of the 1940's, so Marx cannot be blamed for the Gulags and the inefficiency of Russian state industries which led to the collapse of nationalisation as a viable political programme in 1989.

Marx, unlike Lenin and his followers, argued for the abolition of the wages system. Marx saw Socialism as involving the ending of buying and selling. Russia's nationalised industries produced and still produce commodities to be bought and sold on the market for a profit. Marx also stressed that Socialism was to be the work of the working class and no one else. Lenin and his followers established a coercive state and a dictatorship over the working class. It is in fact Lenin's ideas which are dead. They are finished for good. Marx's own ideas, though, remain a valid and sound tool for an understanding and revolutionary appraisal of capitalism.

And here lies the difference between the empty criticism of economics offered by Paul Ormerod and the serious critique of political economy undertaken by Marx. Whereas Mr Ormerod has no quarrel with capitalist production and exchange, Marx showed that it was based upon the extent and intensity of exploitation by one class over another.

Marx's three volumes of **Capital** showed capitalism to be an exploitative social system unable to be run in the interests of all society. He offered a sound account of trade depressions, unemployment and inflation. And he gave a serious account of wages, profits and prices. Marx also sketched out capitalism's origin and termination in history through the process of class struggle. The class struggle is caused by the social conflict arising out of private property ownership between what society could produce and what it is allowed to produce through the narrow objective of profit-making. And in a brilliant analogy with religion, Marx demonstrated that you cannot have the demise of ideas and beliefs, ruling class or otherwise, without first abolishing the social conditions which give rise to them. He wrote:

"The religious reflex of the real world can, ... , only then finally vanish when the practical relations of every-day life offer the man none but perfectly intelligible and reasonable relations with regard to his fellowman and to Nature."

(Section 4 - The Fetishism of Commodities and the Secret Thereof. **Capital Vol. I**, p76 Moscow Ed.)

CAN BANKS CREATE CREDIT

Confusion about banking operations and the power of bankers has been in evidence for a long time. It was known before 1848, and that year saw the publication of two works putting opposite points of view. One was **Lectures on the Nature and Use of Money** in which John Gray outlined a scheme which was the forerunner of the Social Credit Movement founded by Major Douglas in the nineteen twenties. The other was John Stuart Mill's **Principles of Political Economy** which contained the following:

Credit has a great but not, as many people seem to suppose, magical power; it cannot make something out of nothing ... It seems strange that there should be any need to point out that credit, being only permission to use the capital of another person, the means of production cannot be increased by it, but only transferred ... The same sum cannot be used as capital both by the owner and also by the person to whom it is lent ...

Part of the confusion arose out of the loose use of the term "credit creation"; by some writers to mean merely the grant of a loan by a bank, but by others to mean what Mill had in mind as making something out of nothing.

Marx on occasion wrote of the "creation of credit and capital" by the banks but not meaning anything more than the act of lending or investing. Elsewhere he described banks as merely institutions for bringing together and relending

sums deposited by depositors. He ridiculed the "illusions concerning the miraculous power of the credit and banking system", which, he said, were held by those who failed to understand the nature of capitalist production and the credit system (*Capital*, Vol III p.713).

Sir Ralph Hawtrey in his *Currency and Credit*, dealt with another confusion of terms:

It is true that we are accustomed to think of bank credit as money. But this is only because for the practical purposes of every day the distinction between bank credits and money is rarely of any importance. And for all that a bank credit is merely a debt, differing from other debts only the facilities allowed by the banker for transferring it to another creditor. No one imagines that a trade debt is money, though it may be as good an asset as a bank credit (2nd Edition, p.5).

Major Douglas, like John Gray, would have rejected outright the view of Mill, Marx and Hawtrey on credit. He claimed that bank loans are the issue of money just like the issue of notes by the Bank of England and that, by making loans, "a bank acquires securities for nothing", and that "it is absolutely correct to say that ... new money has been created by a stroke of the bankers pen." (*The Monopoly of Credit*, 1931 pp 15 and 17). In the words of one of his supporters, banks can create "untold wealth at the cost of a few drops of ink and the fraction of a clerk's wages"!

Basically the dispute is between those who hold that banks are merely intermediaries to whom depositors make purchasing power available by depositing with them, and which then make that purchasing power, or most of it, available to others by transferring it to them as loans or using it to purchase securities etc; or whether the banks themselves, by making loans, create the largest part of the deposits.

Starting from the production of value by the application of human labour to nature-given materials and its conversion into money, is it that some part is lent to the banks in the form of deposits, for the banks to relend or invest, or is it the banks which create large amounts over and above the amounts deposited?

G D H Cole accepted the "creationist" view. He wrote that bank loans "*represent a real creation of additional money - additional purchasing power*" (**What Everybody Wants to know about Money**", p39).

Among those who have held the "intermediary" view, along with Mill and Marx, were many bankers and, notably Professor Edwin Cannan in his **An Economist's Protest**.

Of particular interest were Reginald McKenna, politician turned banker, who was Chairman of the Midland Bank, and J M Keynes, both of whom at first supported creationist theory and later changed their attitudes.

One of many anti-creationist statements made by bankers, was that by Walter Leaf, Chairman of the Westminster Bank:

The banks can lend no more than they can borrow - in fact not nearly so much. If anyone in the deposit banking system can be called a 'creator of credit' it is the depositors; for the banks are strictly limited in their lending operations by the amount which the depositors think fit to leave with them (**Banking**, Home University Library, 1926, p 102).

Hartley Withers, sometime editor of the **Economist**, popularised creationist theory in his **The Manufacture of Money**, and used the phrase "every bank loan makes a deposit", later expanded to "every bank loan or purchase of securities creates a deposit"; and its converse that every withdrawal of a loan or sale of a security destroys a deposit.

McKenna repeated this and provided Major Douglas with weighty support.

The theory was given official endorsement in the **Report of the MacMillan Committee 1931, (Committee on Finance and Industry)**, and found its way into the textbooks. Though McKenna was a member of the Committee he then denied that he agreed with Major Douglas about the creation of credit; which was really rather hard on Douglas who had, after all, only taken McKenna's words at their face value. Another signatory of the Report was Professor T E Gregory who held the Chair of Banking and Currency at the London School of Economics and who in that capacity took Cannan's line.

The MacMillan Committee's support for creationist theory is still widely accepted. It turned up recently in Ernest Mandel's **Marxist Economic Theory** where Mandel quotes it with approval.

One argument used by creationists to support their case was that, without creationist theory, it was not possible to explain how the deposits of the commercial banks could exceed the total amount of notes and coin in circulation. This is easily disposed of. If a bank receives deposits of £5 million a week and has £4 million a week withdrawn by depositors, deposits will increase by £1 million a week and the eventual total is in no way limited by the amount of currency in circulation. In 1937 the Post Office Savings Bank had no cheque facilities and made no loans to businesses or private borrowers, but its total deposits did in fact exceed the total amount of notes and coin in circulation with the public. The deposits were invested in government securities.

The statement of the "creationist" case in the MacMillan Report started with the following:

It is not unnatural to think of the deposits of a bank as being created by the public through the deposit of cash representing either savings or amounts

which are not for the time being required to meet expenditure. But the bulk of the deposits arise out of the action of the banks themselves, for by granting loans, allowing money to be drawn on an overdraft or purchasing securities, a bank creates a credit in its books which is the equivalent of a deposit. A simple illustration, in which it will be convenient to assume that all banking is concentrated in one bank will make this clear.

The illustration assumed that a depositor deposited £1,000 in cash. The bank then lent £900 which was withdrawn by cheque and came back as new deposits. At this stage the deposits in the bank totalled £1,900 made up of the original £1,000 and the later deposits of £900. Against this liability the bank would show, on the assets side of its balance, cash £1,000 and loans to customers £900.

This lending process was repeated with nine more loans of £900, so that the bank's books would then show £10,000 deposits, balanced by £1,000 cash and £9,000 loans owed to it by borrowers. The bank had thus "created" deposits of £9,000 by making loans, and the creationist case was proved. Or was it?

Certainly the Committee got the answer they wanted but in view of the way the conditions were rigged that was not surprising; little in the example had any resemblance to real banking conditions.

Not only did the Report make the thoroughly artificial assumption of only one bank in existence but it also assumed that none of the borrowers made withdrawals except by cheque, never by cash to hold and not to be returned to the bank. This enabled them to proceed on the basis that all the cheques drawn (or all the cash withdrawn) came back to the one bank - there was no other bank to which they could go. Actually the Report did not allow for any withdrawal in cash at all but treated the £1,000 cash deposit as remaining unchanged throughout the operations; which meant that the Committee was assuming, but without saying so, that a change had occurred in the world

outside the bank which led to a permanent increase by £1,000 in the amount of cash left in the bank.

This line of reasoning, which isolates from a continuous in-and-out flow of deposits and withdrawals of cheques and cash, one single deposit of cash, is fallacious. If it were valid it could be applied in reverse; that is the Committee could have isolated a single withdrawal of £1,000 cash and treated it as a permanent reduction by £1,000 of the amount of cash left in the Bank. It only needed one of the ten borrowers of £900 to take it out in cash to destroy the whole of the Committee's case.

It appears to have been a belated recognition of this fallacy that later led J M Keynes to put a view contrary to that of the Report he had signed.

In his **General Theory of Employment, Interest and Money** (1936) he wrote:

It is supposed ... that the banking system can make it possible for investment to occur to which no saving corresponds. But no one can save without acquiring an asset, whether it be cash or a debt or capital goods; and no one can acquire an asset which he did not previously possess, unless either an asset of equal value is newly produced or someone else parts with an asset of that value which he previously had ... The notion that the creation of credit by the banking system allows investment to take place to which 'no genuine saving' corresponds can only be the result of isolating one of the consequences of the increased bank-credit to the exclusion of the others (p 80-1).

Actually, under the conditions assumed in the Report the bank was needlessly modest in making loans of only £9,000. They could have made it £90,000, or any figure they had cared to name, because every cheque had to come back to the one bank and they had in practice, but without saying so, prescribed that nobody was to draw and hold any of the £1,000 cash.

They also claimed that the result would be the same if there were many banks, ie that all withdrawals would automatically come back into the banking system, but this, as already mentioned, was based on the fallacy of supposing that the £1,000 deposit of cash was a permanent increase of cash in the banking system but without going into the change of outside conditions which would make it possible.

In practice there is nothing automatic about deposits. Banks have to attract money on deposit account by paying interest of millions of pounds on it and they spend tens of thousands of pounds on advertisements to attract new depositors.

The Committee also overlooked the fact that banking figures vary according to the method of investing. If a depositor with £1,000 in the bank draws a cheque to lend that amount to a business, bank balance sheet figures are completely unaffected since the £1,000 deposit has merely been transferred from the depositor's account to the account of the business; but if the depositor leaves the £1,000 on deposit and the bank lends £1,000 to the business, bank deposits and loans both increase by £1,000.

The absurdity of creationist theory can be seen in practical terms if we consider what happens if the owner of £1,000 lends it direct to a business firm, and the effect if he deposits it in a bank and the bank then lends to the same firm. The MacMillan Committee's example would have it that though the original owner had only £1,000 to dispose of the bank can lend £9,000 to the firm if it receives the £1,000 on deposit.

The Committee's example also took it for granted that banks with money to lend can always find "*credit-worthy*" clients who want to borrow all the banks have available. When trade is slack, as in recent months, they cannot.

If a creationist theory had been correct banks would make profit at a rate far

above that of industry - "*fabulous profits*" and "*hundreds per cent*" were the claims. It does not happen.

There is one company with wide interests in publishing, oil, engineering and other manufacturing activities, S Pearson and Son Ltd which also has a controlling interest in a bank, Lazards. Yet only about a sixth of Pearson's profits come from Lazards. Lazards had a director on the MacMillan Committee who was also on the board of Lloyds Bank. It seems that he failed to convince Lazards - assuming that he even tried - that they really have the creationist powers set out in the Report he signed.

The MacMillan Report worked out its figures on the basis that banks need to keep ten per cent of their deposits in cash "*to meet the demands of the customers*". This ten per cent ratio enabled them to suppose that banks can lend nine times the amount of the £1,000 deposit. The conventional cash ratio is now down to 8 per cent, which would increase the creationist power to eleven and a half times the deposit. But the cash ratio is largely window dressing. If there were a mass withdrawal by depositors of the London Clearing Banks, £700 million of notes and cash would be quite ineffective if the depositors wanted to withdraw their £11,000 million of deposits. What banks endeavour to do is to anticipate events and match outgoing withdrawals and loans with incoming deposits and repayments of loans. If they could match these outgoing and incomings completely day by day they would need no cash in their tills, without the banks thereby being any less safe. If they could get it down to one per cent the assumed creationist powers would then be 99 times the £1,000 deposit. The cash ratio of the Savings Bank in 1937 was a quarter of one per cent.

Another consequence of creationist theory, accepted by its supporters, is that bank loans by increasing purchasing power have a determining influence on the price level. The facts show this to be baseless. Between the first quarter of 1921 and the the first quarter of 1933 prices were falling continuously, by a

total of forty four per cent. They fell when the deposit and loans of the London Clearing Banks were falling, when they were stationary and when they were rising. At the beginning of 1931 deposits and loans were at the same level as in 1921 but prices had fallen by forty per cent. Between 1926 and 1933 deposits and loans went up by seventeen per cent while prices went down by nineteen per cent. (Incidentally the MacMillan Committee wanted prices to rise in order to cure the depression.) Bank deficits went down slightly between 1968 and 1970 while prices went up by twelve per cent.

Mention has been made of Marx having a view on the specific question of credit creation which was in line with that of some other economists, but he did not share their views on wider aspects. He wrote:

The superficiality of Political Economy shows itself in the fact that it looks upon the expansion and contraction of credit which is a mere symptom of the periodic changes of the industrial cycle, as their cause (Capital Vol I, p 695).

Against logic and all the weight of evidence, credit creationism still has its believers. Professor Cannan hit the nail on the head when he called them "*the mystical school of banking theorists*".

A LETTER FROM CANADA

In 1935 the Prime Minister of Canada, R B Bennett, held a political meeting in Vancouver at the Denman Auditorium where five men in the front row went to hear him out and to tell him they wanted work and wages. It was the middle of the world-wide depression, called the "*hungry dirty thirties*".

He told them that anyone who really wanted a job could always find one - and besides, as Prime Minister of Canada, he refused to be "*a wet nurse for a*

bunch of human derelicts". When one of the young men heard this he made a solemn oath to himself that, should a government ever need his help for any reason, he also would refuse to be its wet nurse.

Seven years later two of the boys in the front row ended up in France, on the beach at Dieppe, as cannon fodder, for capitalism, popularly known as "*The Shame and the Glory*" - another contradiction of present society.

1937 was the year when the war clouds were gathering over Europe and another world war bloodbath was imminent. World capitalism was in crisis, from the boom to bust cycle, a normal function of the anarchy of capitalist production and exchange. Rival world capitalists competing for world markets, materials and monetary profits were at loggerheads. Diplomacy and dirty politics was failing them, paving the way for another war that needed hired killers from the ranks of the working class. Incidentally, no self-respecting member of the capitalist class is forced to work for a living nor are they forced to fight. The workers are given no such choice.

1937 was the year the Hindenberg air ship blew-up. It was fitted with hydrogen because the USA refused to sell the safer helium to the Nazi government. So much for the spirit and edge of competition.

The depression was still around. Wages were about \$2.00 per day. Relief for the City unemployed was \$2.80 per week and in the military-controlled relief camps it was grub, lodging and 15 cents per day. Those workers did the initial road work in building the picturesque Columbia Icefield Highway of today which runs from Jasper to Banff.

In 1937 it was impossible for young men to get a job or relief unless they accepted a government ruling to report to the military review board who wanted to know one's political views and what arm of the military force would

be one's choice to join. If the answers were satisfactory a clearance paper would be issued to help in the search for a job or relief.

Governments always work primarily in the best interests of the capitalist class, so recruiting starts early just to be sure. If the person interviewed gave unsatisfactory answers he was offered a probationary period in either the army, air force or naval unit in order to help make up his mind. Two weeks of military lessons in the art of killing humans certainly helped make up his mind. He suddenly realised that the dice was loaded against all boys of the working class. So he made a choice to leave the government investigating team and the business of war to the war-mongers, and disappeared into "*unorganised territory*" where he had a rendezvous with Lady Luck, found a helpful mentor and managed to survive.

About two years later the war clouds burst and the dogs of war were unleashed into the most destructive war in all history and, as always, the first casualty in war is the truth. The entire five years of the second world caused by the capitalist system was a holocaust. All the participants were just confused workers in uniforms, war profiteers, capitalist politicians and innocent victims.

Business is war, and war is business. The total property and capital damaged or ruined in the second world war is unknown. The loss and suffering of human life is estimated at being around 200 million and the mental scars are yet to heal. If the twentieth century began with a degree of optimism a hundred years of brutal war and death has led at its close to a deep pessimism. Common sense, reason and the struggle for an optimistic future have survived through the bloodbath of major and minor wars in the ideas and actions of Socialists. Common sense to see where workers' interests lie, reason in seeing through the cynical lies of politicians and optimism in the belief that a socialist majority can be formed who will willingly and actively establish common ownership and democratic control of the means of production and distribution.

There are tragedies, tragedies and tragedies but the biggest tragedy of all is for the workers not to see that man-made tragedies like war can be avoided. Workers temporarily cannot see the wood for the trees. They celebrate wars, and make heroes out of soldiers, idols out of capitalists and saints out of politicians.

This unfortunate state of affairs will continue unless a majority of workers become aware of their class position under capitalism and want something more out of life than the insult of a pay cheque. Socialist see beyond the wages system where production will be not for profit but only for use and in the interest of everyone.

THE SOCIALIST CASE AGAINST THE SWP

The Socialist Workers Party will not debate with us. Its historians write us out of working class history. If we are to be referred to at all by the SWP leadership it is as "*an ultra-left sect*".

It is rare for the SWP to explicitly attack the Socialist Party of Great Britain in public. One of its leading theoreticians, the academic philosopher Andrew Collier, did just that in his paper "*Materialism and Explanation*" (*Issues in Marxist Philosophy* (sic) ed. J Mephram and D H Rubin, Vol II, 1979).

Mr Collier claimed it was *ludicrous* for the SPGB to argue that all other parties "*must be bourgeois*" because the SPGB "*represents the workers*".

What Mr Collier is referring to is the SPGB's Declaration of Principles. The seventh principle states that all political parties express class interests. The SWP do not express the interests of the working class because it rejects the key Marxian idea that workers are capable of understanding the case for Socialism and have to become Socialists before Socialism is possible. Its leadership, if

they were ever successful (and this is hardly likely) would become a ruling class in exactly the same way as Lenin and the Bolsheviks became a ruling class in Russia after their coup d'etat in 1917. The SWP also attack the Labour Party but then go on to tell workers to vote for them at elections. It is a deceitful and dangerous politics which the working class should avoid at all costs.

The SWP is the largest and best organised of the Trotskyist political parties. Due to its academic and student base it produces dozens of books and pamphlets. It even has a bookshop in the West End and a press and publication house.

A representative SWP book is **How Marxism Works** by Chris Harman. It gives a good idea of what the SWP is about. The book repays careful study since it reflects political action which Socialists find both fallacious and dangerous for workers to accept as a means for securing a Socialist revolution.

The book opens up with a veiled attack on the Socialist Party of Great Britain. The SWP rejects our belief that society can be transformed without violent insurrection. It rejects the argument that a Socialist majority can gain control of the machinery of government. The SWP misleadingly calls our policy "reformism" or "revisionism". The SWP calls it a revision of Marx's ideas on politics. The SWP also erroneously thinks that a similar position to the SPGB is held by the Fabians and the Labour Party.

However, the Fabians and the Labour Party never had Socialist programmes. Both organisations stood for state capitalism through a policy of nationalisation. Nationalisation is not same thing as the common ownership and democratic control of the means of production and distribution by all of society. State capitalism retains a coercive state, the wages system and class exploitation, commodity production and exchange, the labour market and the buying and selling of labour power. Socialism, on the other hand, abolishes the wages system and markets altogether.

The SWP also rejects the view that power resides in Parliament. It makes the false claim that the introduction of Socialism through parliament has already been attempted and has ended in failure. But there never has been a parliamentary test for establishing Socialism. There has never existed a Socialist majority. The four Labour governments since the Second World War with non-Socialist majorities did not have a Socialist mandate and they had no Socialist programme. Those voting for Labour were not Socialists.

Of course, once these shallow arguments have been refuted the SWP is forced to fall back onto the case of Allende's Chile of the 1970's. Allende was voted into power on a strong nationalisation programme. Yes, he was toppled from power. Yes, the military did receive support from CIA and the USA government. But, and here is the important point, there was no Socialist majority. There was no political organisation to try and establish Socialism. Quite the reverse. When you have no Socialist majority you cannot introduce Socialism. What is more, Socialism cannot be introduced in one country.

The SWP then talks absurdly about "*Socialist majorities in Parliament*" gradually introducing "*Socialist measures*". Socialism will not be gradually introduced. Once a Socialist majority has been achieved and the machinery of government secured, capitalism will be immediately abolished and replaced with Socialism. This revolution will be international although it is not dependent on every last country attaining Socialism. This is the implication of first having a Socialist majority understanding and actively desiring Socialism.

And so on to the next distortion. The SWP believes that if a Socialist majority ever existed and Socialist delegates formed a majority within Parliament the old ruling class could still disrupt Socialist society. How? Well, according to the SWP they could first: shut down whole sections of industry; second: create unemployment; third: force up prices through speculation and hoarding; fourth: send money abroad and create a "*balance of payments*" crises; and fifth: launch media campaigns blaming all this on a "*Socialist government*".

Amusingly, the Harold Wilson government in 1964 and 1966 is given as an example of how the capitalist class disrupted "*Socialist measures*". Nowhere in Wilson's election manifesto were there Socialist measures. The Wilson government did not appeal to a Socialist working class but one who supported capitalism and voted for capitalist parties at the election, including the Labour one. The SWP conveniently forgets that the Wilson government unsuccessfully tried to introduce an anti-working class incomes policy as well as erroneously blaming workers for causing inflation when, all along, it was the governments who caused inflation by printing an excess of notes and coins.

Governments have no control over the economic events they try to administer. Capitalism runs governments. Capitalism also runs capitalists imposing on them the pain of competition. Capitalists do not run capitalist production but, instead, workers do. Employers and their political agents cannot do anything about periodic trade depressions, nor the pressure from foreign competitors, nor about the pressure of competition on commodity production and exchange for profit. The capitalist class are not omnipotent. Their social and political power is contingent on workers giving capitalist politicians their vote.

Under no circumstances would a minority shut down or be permitted to shut down whole sections of production within a Socialist society. The means of production and distribution would be under common ownership and democratic control by all of society. With the machinery of government under the control of the Socialist majority a violent and disruptive minority would be powerless against the will of a majority!

There would be no unemployment because there would be no employers and employees. Instead there would be a free association of men and women. Work would be voluntary. Prices would not exist either. Money would have no meaning where distribution would be direct to those who wanted goods and services. Socialism would be a dynamic and efficient world-wide system and there would be no wages or salaries. There would be no "*Socialist government*" but an administration of things through democratic processes.

The SWP tries to raise another bogus objection against the Socialist case. The SWP claim that the machinery of government is designed "*from top to bottom*" to "*preserve capitalist society*". However they are forced to concede that the majority of people who make up the armed services, the police, the judiciary, etc are workers.

It is true that under capitalism these workers do not make decisions. They obey orders. But so do workers in industry and in offices. We all have to take orders as employees. We get the sack if we don't.

The error the SWP makes is to assume without reasonable grounds that workers within the armed forces are less amenable to Socialist ideas than workers in offices or factories. Once this erroneous assumption is nailed on the head the machinery of government can be placed in its correct perspective.

Generals only have contingent power to give orders. This power derives from authority, from executive political power controlled by parliament. The whole thrust of the Socialist argument about the necessity of a Socialist majority gaining control of the means of production and the machinery of government is for the majority to be in the position of power not only to impose their will on the direction of production and distribution, for what reasons and for whom, but also to ensure that the machinery of government is not used to disrupt the socialist revolution. Once a Socialist majority exists it will exist throughout society - within industry, government and the armed forces.

Another poor reason the SWP offers against Parliamentary action is equally vacuous. They claim that "*parliamentary democracy*" contains an in-built mechanism for preventing the revolutionary movement finding expression through it (p 54).

But it is not Socialists the SWP have in mind when they talk of taking over factories. Factories are to be taken over by non-Socialists. And then there will be a power struggle between the SWP and other political groups to lead the

non-Socialist mass into a "*Worker's State*". The SWP are not very confident about this process. For in the next breath the SWP tells us that occupations of factories and strikes decline. The hidden assumption behind the SWP and its spontaneous revolt by a non-Socialist mass of workers is that the working class are politically too stupid to understand Socialism. The SWP do not want to create Socialists but just to use workers for their own political ends.

The SWP make matters worse by evoking Marx to justify its anti-working class politics. It links Marx with Lenin's theory of conspiracy and opportunism.

Marx and Engels recognised the usefulness of working class suffrage and the pronouncements of how social revolution was to be achieved were based upon the practicalities of the time. When the **Communist Manifesto** was first written there was no universal suffrage. But there was when Engels was writing at the end of his life. He did not tell the German SDP that they were wasting their time taking Parliamentary action. In fact he supported it. The SWP is caught in a time warp; forever stuck in 1917 Russia bewitched by social conditions which did not exist anywhere else in the world. To cling onto 1917 as a political model for revolution is politically childish and romantic; a dead-end.

Although the SPGB accept as valid Marx's materialist conception of history, his labour theory of value and his concept of the class struggle, our Socialist case rests upon our own Object and Declaration of Principles. We are not slavish followers of Marx and Engels. The Socialist movement is more than the sum of two men, however important their contribution. Where Marx and Engels made misjudgements or were wrong we have said so. Socialists are not dogmatists. Marxism has to be scientific or it is nothing.

In 1904 when the SPGB was formed, it was clear that political power resided in Parliament. The Second Reform Act of 1867 meant that a potential Socialist majority could send delegates to Parliament to gain control of political power. No one has shown why the SPGB's analysis of parliament and the machinery of

government is not sound. When we explain our case or argue it in debate there is generally silence. When our opponents are pushed the arguments put against us are of the same intellectual rigour as a failed student in media studies. Where and when has direct action been a practical success in bringing about Socialism? All forms of direct action: syndicalism, insurrections, coup d'etats, riots, rebellions, etc have failed to end capitalism. Parliamentary action of a Socialist majority has yet to be tried. It offers a safe, secure and orderly route to the capture of political power resting on the actions of a Socialist majority. Nothing short of this will do.

COUNT DRACULA, CAPITALISTS AND OTHER PARASITES

A rich and colourful metaphor often helps someone to grasp a complex idea. Marx used metaphors to explain many of his concepts about the process of commodity production and exchange. Religion is used, for instance, to describe the fetish of commodities. The birth of a child for the revolutionary period between capitalism and Socialism. Gravediggers to represent the political role of the working class. Funeral knells to evoke the passing of capitalist property relations. And so on. These powerful and evocative images help render **Capital** both a literary classic and a powerful scientific tool to assist in the Socialist revolution.

Marx also provided a useful metaphor to explain, through the extraction of surplus value, the exploitation of the working class. Technically, the details of exploitation are complex and grounded in the dry terminology of political economy (referred to by Carlyle as "*the dismal science*"), upon which Marx grounded his critique of capitalism. What better way in which to represent the process of class exploitation, capital accumulation and reproduction than through the image of the vampire.

Marx writes:

Capital is dead labour, that vampire-like only lives by sucking living labour, and lives the more, the more labour it sucks. (The Working Day, **Capital**, Vol I, ch X, p244, Moscow ed.)

And of the tendency by employers to extend the working day from daylight into the night he comments:

...it quenches only in a slight degree the vampire thirst for the living blood of labour (ibid p.245).

With these images Marx depicts the capitalists as dependent for their existence on the extraction of surplus value from workers as being similar to the vampire's need to survive from one dawn to the next by drinking the blood of the living.

In his entertaining book **Vampyres: Lord Byron to Count Dracula** (Faber and Faber 1992, p 84-85), Christopher Frayling draws attention to a deeper literary use by Marx of the vampire legend in order to describe the parasitism of the exploiting capitalist class.

In the chapter, The Working Day, ironically one of the longest chapters in the first volume of **Capital**, Marx sought a comparison between the evolution of the English factory system and preceding social systems like Feudalism. To bring out the difference between one social system and the next he turned to the lord-peasant relationship by drawing upon the legend of "*The Wallachian Boyard*".

According to Professor Frayling, the Wallachian Boyard demanded that a large proportion of the peasant's time be devoted to his seignorial estates. Marx quoted as a reference Elias Regnault's **Histoire politique de Principales Danubiennes** (1855). The Wallachian Boyard turns out to be none other than ~~Vlad~~ the Impaler, more popularly known as Count Dracula, a mythical being who can only live by parasitically drinking the blood of his victims.

As Professor Frayling observes, the English translation of **Capital** was first published in 1887. Karl Marx's Wallachian Boyard was therefore the first reference to Count Dracula in the English language, pre-dating Bram Stoker's own creation by several years. This gives a new and interesting political reading to Bram Stoker's **Dracula**.

To support such a reading, we can cite as evidence a print from the 1880's, attributed to Walter Crane, entitled **The Angel of Socialism interrupts the capitalist vampire feeding on Labour**.

In the illustration by Crane the vampire has inscribed on its wings the legends *religious hypocrisy and capitalist party politics* and is depicted feeding off the blood of an exhausted worker. Here, Socialism is no van Helsing armed with a crucifix, stake and garlic. Instead, an angelic woman blowing the horn of Truth and holding the torch of Freedom. By the end of the 19th century, Count Dracula and vampires as a metaphor for the process of exploitation had entered into the imagery of working class politics to explain the uselessness of Capital and its dependence on workers in order to live.

The bloodsucking parasitism of the capitalist class is a powerful and enduring metaphor. Are there any natural parasites which can be drawn on to demonstrate the way in which employers live off the unearned income of rent, interest and profit?

One candidate would be the Ichneumonidae, relatives of the digger wasp. Attention is drawn to this particular parasite principally on the grounds that its existence lost Charles Darwin his religious faith because he could not accept that a *beneficent and omnipotent God would have designedly created the Ichneumonidae with the express intention of their feeding within the living bodies of caterpillars* (**River out of Eden**, Richard Dawkins, ch 4).

Then there is the digger wasp. She not only lays her eggs in the insect but she

also neutralises the prey's central nervous system so as to paralyse but not kill it. The meat keeps fresh and the prey is literally eaten alive. A more appropriate parasite could not be found as a metaphor for the process of capitalist production.

Vampires, Dracula, the Ichneumonidae and the digger wasp, there is no short supply of evocative images to describe the process of class exploitation. Marx's other metaphors, though, are perhaps more important in order to grasp an image of Capitalism's termination within human history; the images of gravediggers, funeral bells, and the birth of a new Socialist system from the womb of the old.

THE NEED FOR POLITICAL ACTION

We read with interest the letter from the De Leonist Society of Canada (DLSC) and the remarks they made about C Skelton's article **Revolution with the Ballot Box** (DB93).

The DLSC agree with the importance for the working class (those who have to sell their labour power), to take political action and to gain control of the machinery of government before Socialism is possible. Yet, they then assert that the position of the Socialist Party of Great Britain "*doesn't go far enough*" and conclude:

The reader is left with the thought that the weight of public opinion expressed through a majority vote for Socialism, would in and by itself ensure the desired control.

For the record, the Socialist Party of Great Britain has never put forward such a utopian and unrealistic argument. The DLSC then cite a rambling, incoherent and irrelevant address by Daniel De Leon to support their criticism of the SPGB.

First, the question of *the weight of public opinion*. A Socialist majority will both understand the need for and actively desire common ownership and democratic control of the means of production and distribution by all of society. The majority will send, through a revolutionary Socialist party, delegates to parliament or similar institutions for one purpose only, ie:

That as the machinery of government, including the armed forces of the nation, exists only to conserve the monopoly by the capitalist class of the wealth taken

from the workers, the working class must organise consciously and politically for the conquest of the powers of government, national and local, in order that this machinery, including these forces, may be converted from an instrument of oppression into the agent of emancipation and the overthrow of privilege, aristocratic and plutocratic. **Clause 7 SPGB Declaration of Principles**

The "weight of public opinion" cannot by itself bring about an end to class exploitation, to the class ownership of the means of producing and distributing wealth. Opinions are merely that - opinions. Socialists want social change, a revolutionary transformation of society. You can't achieve that without organising to take control of the state.

Second, the question of *the public* themselves. The Socialist majority will be made up of all sections of the working class, not just those in trade unions or in areas of production. They will include those in education, at home, the retired, the unemployed, the elderly and those within the machinery of government itself. And it is not beyond the bounds of possibility that some capitalists may have become part of the Socialist majority. In the **Communist Manifesto** Marx and Engels did not discount the chance of a section of the capitalist class going over to the workers as well as some of the "bourgeois ideologists" as Marx and Engels themselves did.

The political action of the Socialist majority, it is reasonable to assume, will not only be to send delegates to parliament but to draw up and democratically agree plans to organise the continuation of production and distribution. Such plans and organisation will be in conjunction with the democratic aims and objectives of those working inside and outside of production.

Once the machinery of government is under the control of the Socialist majority, capitalist production for profit will be transformed into Socialist production for direct use. The capitalist class and their political agents will not be able to influence the revolutionary process any more than the feudal estate could prevent the capitalist revolutions of the 17th and 18th centuries.

This brings us to the nonsense of the capitalist class being in a position to lock workers out of areas of production like factories. Socialists recognise that it is the working class who run capitalism from top to bottom, albeit in the interests of another class. The

nearest most capitalists get to the company in which they have investments is either a visit to their broker or the shareholders' meeting.

So where, then, is the problem? Why have the Socialist Party of Great Britain not gone far enough? In fact, the truth of the matter is there is no problem at all. Within the political programme of the SPGB's Object and Declaration of Principles there is all a working class needs to establish Socialism.

However there is a political problem. And it is this. If the position of the SPGB is right, it seriously calls into question the programmes of other groups in **Discussion Bulletin** who propose a variety of non-political methods of action.

The main emphasis of Socialist politics is to propagate Socialist ideas to all the working class in order to increase the number of Socialists. A practical political programme which acknowledges the reality of where political power is located, held, exercised and controlled is indispensable in convincing workers that Socialism is a feasible rather than a utopian project for them to engage with as revolutionary agents of social change. Such a practical programme exists in the Object and Declaration of Principles of the Socialist Party of Great Britain.

This letter was sent to **Discussion Bulletin** in the US as the Socialist response by the SPGB to the important question of political action and the need to capture the machinery of government by the working class.

SEA - SAND - SUN - SECURITY

Tony Blair, on his recent holiday in Italy, asked the local authority to re-open the local beach near his holiday home which they had closed for security reasons. Blair said he wanted the inhabitant of the area to enjoy the sun, sea and sand. It is reported that the authority did just that, so Brownie points to Tony.

Although Scarborough in Yorkshire is many hundreds of miles from Italy it also has sea, sand and on occasion the sun. On 10 July it was the venue for the Labour Party's Women's Conference and two of our members set off in the early hours to visit the conference with Socialist literature; their aim was to sell, amongst other pamphlets, 200 copies of our best seller - Women and Socialism. On arrival they noticed that the Spa Conference Centre had been blocked off by a number of road barriers. An armed security guard stopped their car at the first barrier and, being informed of the purpose of their visit, said he would escort them to barrier number 2. He jumped into the car and sat in the back seat with his gun at the ready. On reaching barrier number 2, they were met by a number of police and several armed guards. Explaining, once again, the purpose of their visit, they were told in very firm terms to turn around and go back. On an adjacent hill other armed guards were observed, and a Major informed them they should take their car one and a half miles to a car park and carry their literature to a designated spot - nowhere near the Conference Centre. Only delegates were allowed to approach the Centre, and even they were bussed in from their hotels.

And the reason for all this security and display of firearms - Tony Blair was to address the Conference. Had he known that two members of the Socialist Party of Great Britain were present and wished to distribute Socialist literature to the delegates, we feel sure that, as in Italy, he would have called off the guards and opened the place up. Or are we being naive!

OBITUARY ... GEORGE WILSON

We regret to announce the death of yet another of our members - George Wilson. His health had been poorly for many months and he died in hospital on 4th June 1999. He was 77 in February of this year. George joined the Glasgow Branch of the Party in the early 1970's where he soon started to speak as Chairman at outdoor stations such as Queens Park, etc. When he came south, he transferred to South West London Branch who met at the Head Office in Clapham. When the Party decided to instal central heating in what was a cold building, it was George, with his knowledge of plumbing who undertook the work, thus saving the Party hundreds of pounds.

He subsequently came over to North West London Branch and, after our expulsion, had no hesitation in joining with his other comrades in re-constituting the SPGB. He was at the inaugural meeting on 11 June 1991.

He was a steadfast and valued member of the branch in all its activities. He was often first up on the platform at our meetings in Hyde Park, although his strong Scottish accent may have been difficult for the audience to accept.

He was always in the forefront in selling literature, and when two of our other members died, leaving us with several hundred books, George put his flat at our disposal for storage.

In many ways he was a deep character with a wide appreciation of classical music and literature. His death reduces once again that small group of men and women who can envisage and work for a new type of society. His voice will not be heard again. To his sister - Annie - and brother - Charlie - we offer our condolences.

THE SOCIALIST PARTY OF GREAT BRITAIN

NORTH WEST LONDON BRANCH

meets at 7.30 pm on the first Monday in the month at
Abbey Community Centre, Belsize Road, London NW6.

Secretary C. May, 71 Ashbourne Court, Woodside Park Road,
London N12 8SB

CAMDEN / BLOOMSBURY BRANCH

meets at 6 pm on the 4th Tuesday of month at
Marchmont Community Centre, 62 Marchmont Street, WC1

Correspondence to the Secretary, S.P.G.B., 31 Caernarvon Road,
Eynsbury, St. Neots, Cambs. PE19 2RN (Tel: 01480 403345)

All meetings are open to the public and visitors are welcome.
Those wishing to find out more about the Party and its activities
should contact the Secretary.

LECTURE SERIES 1999

We are pleased to offer meetings on the following dates.

Subject matter and speakers for the last 3 meetings will be
given on October 24th. On December 12th, our last
meeting of the 1999 Lecture Series, we hope to make it a
social occasion.

Sunday 24th October

THE FUTURE - their vision - or ours. Speaker: R. Lloyd.

Sunday 14th November

Sunday 28th November

Sunday 12th December

Marchmont Community Centre
62 Marchmont Street, WC1
(5 mins. Russell Square Tube Station)

Meetings commence 3 p.m.

Questions

Discussion

Admission Free

LITERATURE AVAILABLE

Socialist Studies - our official journal

Issues Nos: 1 - 33 @ 50p each

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The Object and Declaration of Principles
25 p.p. Pamphlet 75p

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Socialist's Handbook 75p

Questions of the Day pamphlets: - 50p each

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No.2. Unemployment and Recessions.

No.3. Marx - Modern History and Economics.

No.4. The Socialist Party of Great Britain and the Trade Unions.

No.5. Why Socialists oppose the Labour Party.

No.6. The Continuing Trade War.

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ECONOMIC CRISES

Two pamphlets on capitalism in crisis will be published this year.

The first pamphlet, deals with the Socialist refutation of the bogus theories held by economists who either claim governments can intervene in the economy to prevent crises occurring, or, left to itself, capitalism is self adjusting. The second pamphlet, to be published later in the year, will deal with the politics of unemployment statistics, the poor track record of economists to predict productivity and its affect on the rate of unemployment and the real cause of an economic crisis from a Marxian perspective.

Special Supplement No. 1 is available now. £1 inc. postage

Marxism in the 21st Century

Copies of the pamphlet can now be purchased at the following bookshops.

Waterstone's, 128 Camden High Street, London NW1

Waterstone's, 68-69 Hampstead High Street, London NW3

Dillons Bookstore, 82 Gower Street, London WC1

Waterstone's, 39-41 Notting Hill Gate, London W11

Waterstone's University of Herts, College Lane, Hatfield, Herts AL10

Dillons, Queen Mary & Westfield College, 329 Mile End Road, E1

A wide range of our publications are stocked by
Housemans Bookshop, 5 Caledonian Road, London N1